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(Washington, D.C.) – Congressman Russ Carnahan (MO-3rd) backed the most comprehensive response yet to the American mortgage crisis. The American Housing Rescue and Foreclosure Prevention Act will help families keep their homes, aid local communities hit hard by the foreclosure crisis and strengthen the economy and financial markets. The bill was passed today in the House by a vote of 272-152.

“Without a doubt the mortgage crisis has worsened,” said Carnahan. “Drive through any neighborhood and you can see what’s happening.”

The American Housing Rescue and Foreclosure Prevention Act will allow hard-working American families in danger of losing their home to refinance into lower-cost government-insured mortgages they can afford to repay – at no cost to the American taxpayer. The legislation also:

- o strengthens neighborhoods hardest hit by the foreclosure crisis by providing resources to allow cities and states to buy up and rehabilitate foreclosed properties that are currently driving down home prices, reducing state and local revenues, and destabilizing neighborhoods;
- o expands homeownership opportunities for veterans and helps returning soldiers avoid foreclosure and stay in their home;
- o provides tax breaks to spur home buying; and
- o creates a new fund to boost the nation’s stock of affordable rental housing in both rural and urban areas for low and very low-income individuals and families.

The legislation passed today also includes provisions that will help restore confidence in financial markets and shore up Fannie Mae and Freddie Mac. The bill provides the Department of the Treasury with emergency and temporary financing authority for Fannie Mae and Freddie Mac. Fannie Mae and Freddie Mac are important institutions that hold or guarantee nearly half of all mortgages in the United States. Yesterday, the Congressional Budget Office Director Peter Orszag said there was a “a significant chance, probably better than 50 percent, that the proposed new Treasury authority would not be used before it expired at the end of December 2009.”

The legislation has earned the support of Democrats and Republicans in both the House and Senate and President Bush has indicated that he will sign the bill into law.

“It has become clear that problems with the housing sector have greatly impacted other areas of the economy,” added Carnahan. “We have done the right thing in coming together to get this very important legislation passed.”